

**DETERMINANTS OF EXPORT PERFORMANCE OF MALAYSIAN
MANUFACTURING FIRMS**

ANIS FELLAHI

UNIVERSITI UTARA MALAYSIA

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**DETERMINANTS OF EXPORT PERFORMANCE OF MALAYSIAN
MANUFACTURING FIRMS**

**A thesis submitted to the Postgraduate Studies College of Business
in partial fulfillment of the requirements for the degree
Master of Business Administration (General)
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By

ANIS FELLAHI

(802473)

Declaration

I declare that this thesis entitled “Determinants of Export Performance of Malaysian Firms” is a result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted as a candidate for any other degree.

I certify that any help had received in preparing this thesis and all the sources used have been acknowledged.

Anis Fellahi

College of Business

Universiti Utara Malaysia

06010 Sintok

Kedah

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Abstract

Export has been identified as a key means of improving economic viability. The empirical research on the determinants of export performance has produced fragmented and conflicting results. The present study is designed to re-examine the relationship between export performance and some factors that have been frequently examined in existing export marketing literature. Specifically, this investigation contemplates the impact of firm characteristics, export marketing strategy, management perceptions, and export commitment on three non-financial measures of export performance i.e. export sales, market share, and profitability. Data was collected via a postal survey using questionnaires completed by senior managers of manufacturing firms in Malaysia. Subsequently, a descriptive analysis was used in order to delineate the salient variables affecting export performance. The findings show that, except for managers' perception of export problems, all independent variables are positively related to export performance. However, only adaptation, rather than standardization, of export marketing strategies, management perception of competitive advantages, and push factors of export stimuli have significant direct impacts on export performance.

Keywords: Export; export marketing; export performance; determinants of export performance.

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Table of Contents

	Page
Declaration	ii
Permission to Use	Iii
Abstract	iv
Acknowledgement	v
Table of Contents	vi
List of Tables	x
List of Figures	xi
CHAPTER ONE: INTRODUCTION	1
1.1. Background of the Study	1
1.1.1. Malaysia's Economy and External Trade	2
1.1.2. Export Performance	3
1.2. Problem Statement, Question, and Objectives of the Study	7
1.2.1. Research Problem	7
1.2.2. Research Question	9
1.2.3. Research Objectives	9
1.3. Significance, Scope, and Organization of the Study	10
1.3.1. Significance of the Study	10
1.3.2. Scope and Limitations of the Study	11
1.3.3. Organization of the Study	11
Summary of Chapter One	12

CHAPTER TWO: LITERATURE REVIEW	13
2.1. Export Marketing Performance Literature	13
2.1.1. Size of the Sample	14
2.1.2. Industry Context of Studies	14
2.1.3. Types of Firms Targeted	15
2.1.4. Data Collection Methods	15
2.1.5. Theoretical Basis Adopted	16
2.1.6. Analytical Approach	16
2.1.7. Unit of Analysis	16
2.2. Measures and Determinants of Export Performance	18
2.2.1. Measures of Export Performance	18
2.2.2. Determinants of Export Performance	19
2.3. Effects of Independent Factors on Export Performance	21
2.3.1. Firm Size	21
2.3.2. Management's International Experience (Export Experience)	22
2.3.3. Firm's Technology (Production Technology)	22
2.3.4. Export Problems	22
Summary of Chapter Two	23
 CHAPTER THREE: METHODOLOGY	 24
3.1. Research Framework and Hypotheses	24
3.1.1. Firm Characteristics	26
3.1.2. Export Marketing Strategy	27

3.1.3. Management Perceptions	30
3.1.4. Export Commitment	32
3.1.5. Empirical Model	32
3.2. Research Design	33
3.2.1. Type and Nature of Study	33
3.2.2. Type of Investigation	33
3.2.3. Researcher Interference	34
3.2.4. Study Setting	34
3.2.5. Unit of Analysis and Time Horizon	34
3.3. Sampling Design	35
3.3.1. Population	35
3.3.2. Sampling Frame	35
3.3.3. Sampling Method and Size of the Sample	36
3.3.4. Data Collection Instrument	37
3.4. Measurement of Export Performance (Dependent Variable)	38
3.5. Measurement of Independent Variables	39
3.5.1. Firm Characteristics	39
3.5.2. Export Marketing Strategy	40
3.5.3. Management Perceptions	41
Summary of Chapter Three	44

CHAPTER FOUR: DESCRIPTIVE ANALYSIS AND FINDINGS	45
4.1. Reliability and Validity	45
4.2. Descriptive Statistics	46
4.2.1. Results of Firm Characteristics	48
4.2.2. Results of Export Marketing Strategy	51
4.2.3. Results of Management Perceptions	52
4.2.4. Results of Export Commitment	55
4.2.5. Results of Export Performance	56
4.3. Pearson Correlation Analysis	58
Summary of Chapter Four	61
 CHAPTER FIVE: CONCLUSIONS AND IMPLICATIONS	 62
5.1. Conclusions	62
5.2. Implications for Managers and Public Policy Makers	65
5.3. Implications for Future Research	66
 References	 68
 Appendix 1: Characteristics of the Export Marketing Reviewed Articles	

List of Tables

Table	Title	Page
1.1	Malaysia's Major Export Products in January 2010	6
1.2	Malaysia's Major Export Markets in January 2010	6
3.1	Summary of the Operationalisation of Independent Variables	43
4.1	Results of Reliability Test	46
4.2	Descriptive Statistics	46
4.3	Correlation Analysis	60

CHAPTER ONE: INTRODUCTION

In this chapter, first we introduce the study by highlighting its background followed by a brief description of Malaysia's economy and external trade based on relevant statistics related to economic growth trends and international trade, respectively. Next, we further proceed to look in detail at the export performance concept. Then, we indicate the current major products exported by Malaysian firms, and their main export destinations. Research problem, question, and objectives, followed by the significance, scope, limitations, and organization of the paper, are all discussed in the last part of the chapter.

1.1. Background of the Study

With the increasing trend of globalization, the arena of market and competition for business firms has expanded from domestic markets to the international markets. This has accentuated the importance of understanding the behavior of firms in foreign markets. Exporting represents a viable strategic option for firms to internationalize and has remained the most frequently used foreign market entry mode chosen (Zhao & Zou, 2002), as it provides the firm with the flexibility needed to penetrate and compete in new international markets.

Exporting is considered to be one of the most important ways for developing countries to link with the world economy. It has been identified by governments and public policy makers as a priority (Morgan, 1997). In 2001, the World Bank published the report *Globalization, Growth and Poverty: Building an Inclusive World Economy*. The report shows that 24 developing countries, which increased their integration into the world economy, achieved higher growth in incomes, longer life expectancy and better schooling (Van Dijk, 2002).

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